

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

TELEX

RCA 233663

WUD 125547

WUI 620976

10750
RECORDATION NO. 10750
AUG 15 1979 - 2 40 PM

INTERSTATE COMMERCE COMMISSION

9-227A215
AUG 15 1979

10750
RECORDATION NO. 10750
Filed 1425 Washington, D.C.

AUG 15 1979 - 2 40 PM

INTERSTATE COMMERCE COMMISSION

COUNSEL

ROSWELL L. GILPATRICK

CARLYLE E. MAW

ROBERT R. CONNELLY

FRANK H. DETWEILER

GEORGE G. TYLER

L. R. BRESLIN, JR.

GEORGE B. TURNER

JOHN H. MORSE

HAROLD R. MEDINA, JR.

CHARLES R. LINTON

4, PLACE DE LA CONCORDE

75008 PARIS, FRANCE

TELEPHONE: 265-81-54

TELEX: 290530

33 THROGMORTON STREET

LONDON, EC2N 2BR, ENGLAND

TELEPHONE 01-606-1421

TELEX: 8814901

CABLE ADDRESSES

CRAVATH, N. Y.

CRAVATH, PARIS

CRAVATH, LONDON E. C. 2

MAURICE T. MOORE
BRUCE BROMLEY
WILLIAM B. MARSHALL
RALPH L. MCAFEE
ROYALL VICTOR
ALLEN H. MERRILL
HENRY W. DEKOSMIAN
ALLEN F. MAULSBY
STEWART R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY

ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL G. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON

File this last

August 15, 1979

The Dow Chemical Company

Lease Financing Dated as of July 15, 1979

9-3/4% Conditional Sale Indebtedness Due January 2, 2000

[CS&M Ref: 4020-014B]

*To be cross-indexed
against this CS&M file
immediately upon filing.*

Dear Mr. Homme:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of The Dow Chemical Company, for filing and recordation, counterparts of the following:

Rec'd Memo

A

(a) Lease of Railroad Equipment dated as of July 15, 1979, between The Dow Chemical Company and The Connecticut Bank and Trust Company; and

(b) Assignment of Lease and Agreement dated as of July 15, 1979, by and between The Connecticut Bank and Trust Company and Mercantile-Safe Deposit and Trust Company.

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee

The Connecticut Bank and Trust Company
One Constitution Plaza
Hartford, Connecticut 06115

RECEIVED
AUG 15 1979
FEE
10.00

Constitution

Alan C. Hughes

Lessee

The Dow Chemical Company
 2020 Dow Center
 Midland, Michigan 48640

Agent-Vendor-Assignee

Mercantile-Safe Deposit and Trust Company
 Two Hopkins Plaza
 Baltimore, Maryland 21203

The equipment covered by the aforementioned agreements appears in Exhibit A attached hereto and also bearing the legend "Ownership Subject to a Security Agreement, The Connecticut Bank and Trust Company, Trustee, Owner, Mercantile-Safe Deposit and Trust Company, Trustee, Mortgagee".

Please cross-index the Lease of Railroad Equipment and the Assignment of Lease and Agreement with the following documents which are being filed simultaneously:

(a) Conditional Sale Agreement No. 1 dated as of July 15, 1979, between The Connecticut Bank and Trust Company and Hawker Siddeley Canada, Ltd., Recordation No. **10748** ;

(b) Agreement and Assignment No. 1 dated as of July 15, 1979, between Mercantile-Safe Deposit and Trust Company and Hawker Siddeley Canada, Ltd., Recordation No. **10748-A**

(c) Conditional Sale Agreement No. 2 dated as of July 15, 1979, between The Connecticut Bank and Trust Company and Procor Limited, Recordation No. **10749** and

(d) Agreement and Assignment No. 2 dated as of July 15, 1979, between Mercantile-Safe Deposit and Trust Company and Procor Limited, Recordation No. **10749-A**

Enclosed is our check for \$70 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to

the delivering messenger along with your fee receipt addressed to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "George S. Balis". The signature is written in a cursive, slightly slanted style.

George S. Balis
As Agent for The Dow
Chemical Company

H. G. Homme, Jr., Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

10750-A
RECORDATION NO. Filed 1425

AUG 15 1979 -2 40 PM

INTERSTATE COMMERCE COMMISSION

ASSIGNMENT OF LEASE AND AGREEMENT dated as of July 15, 1979 (this "Assignment"), by and between THE CONNECTICUT BANK AND TRUST COMPANY not individually but solely in its capacity as Owner Trustee (the "Lessor" or the "Vendee") under a Trust Agreement dated as of the date hereof (the "Trust Agreement") with Chemical Bank and NEMLC Leasing Associates No. 2 (the "Beneficiaries"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, as Agent (the "Vendor") under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into separate Conditional Sale Agreements dated as of the date hereof (the "Security Documentation") with each of Hawker Siddeley Canada, Ltd., and Procor Limited (the "Builders"), providing for the sale to the Vendee of such units of railroad equipment (the "Units") described in the Annexes B thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and The Dow Chemical Company (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign to the Vendor for security purposes the Lessor's rights in, to and under the Lease;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee

under the Security Documentation, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, termination payment, indemnity, liquidated damages, or otherwise (the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease; provided that Payments shall not include any indemnity payable to the Lessor in its individual capacity or to the Beneficiaries under § 6 or § 9 of the Lease or any increase in the rental payments which may be required by Paragraph 16 of the Participation Agreement, which shall be paid directly to the party to receive the same. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Vendor will promptly apply such Payments to satisfy the obligations of the Lessor under the Security Documentation, and, so long as no event of default shall have occurred and be continuing under the Security Documentation, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor, by check mailed to the Lessor on such date or, upon written request of the Lessor, by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease when due, the Vendor shall forthwith notify the Lessor by telephone (confirmed in writing) or telegraph at the address set forth in the Lease; provided, however, that the failure of the Vendor so to notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease except to the extent permitted by Article 21 of the Security Documentation, and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. Promptly following such full discharge and satisfaction, the Vendor agrees that it will advise the Lessee in writing that all sums due from the Lessor under the Security Documentation have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Vendor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor, or its successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, would become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law as reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and such additional rights arising out of the filing, recording or deposit hereof, if any, as shall be conferred by the laws of the several jurisdictions in which this Assignment shall be filed, recorded or deposited, or in which any unit of the Equipment shall be located, and any rights arising out of the markings of the units of Equipment.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation,

or at such other address as the Vendor shall designate. The Vendor shall furnish to the Lessor such information as shall be reasonably requested by the Lessor in order to permit the Lessor to act under the Lease or to prepare its tax returns.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease has occurred and is continuing for a period of 10 days or event of default under the Security Documentation has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Security Documentation, the Lessor may, so long as no event of default under the Security Documentation has occurred and is continuing or Event of Default under the Lease has occurred and is continuing for a period of 10 days, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, the Lessor shall not, without the prior written consent of the Vendor, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

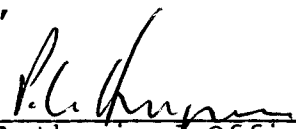
12. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof) (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Security Documentation or in any way limit the effect of the last paragraph of Article 4 of the Security Documentation, Article 21 of the Security Documentation or Section 22 of the Lease, and (b) so long as there is no event of default under the Security Documentation, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the Security Documentation, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Documentation, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to

ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 10 of the Lease without the written consent of the Vendor, and (c) each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, covenants, undertakings and agreements by The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said Bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by said Bank solely in the exercise of its powers expressly conferred upon it as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said Bank, except for wilful misconduct or gross negligence on the part of such bank, or against any Beneficiary under the Trust Agreement or on account of any representation, warranty, covenant, undertaking or agreement herein of the Lessor or any Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

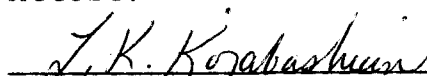
THE CONNECTICUT BANK AND TRUST
COMPANY, as Owner Trustee as
aforesaid,

by


Authorized Officer

[Corporate Seal]

Attest:


Authorized Officer


MERCANTILE-SAFE DEPOSIT AND TRUST
COMPANY, as Agent,

by


Assistant Vice President

[Corporate Seal]

Attest:


ASSISTANT Corporate Trust Officer

STATE OF NEW YORK,)
) SS.:
 COUNTY OF NEW YORK,)

On this 13 day of August 1979, before me personally appeared P. L. HARGRAVES, to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of THE CONNECTICUT BANK AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

My Commission expires

Rita J. Bradley
 Notary Public
 RITA J. BRADLEY
 NOTARY PUBLIC, State of New York
 No. 30-4663401
 Qualified in Nassau County
 Certificate Filed in New York County
 Commission Expires March 30, 1980

STATE OF NEW YORK,)
) SS.:
 CITY OF NEW YORK,)

On this 13th day of August 1979, before me personally appeared R. E. Schreizer, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Notarial Seal]

My Commission expires

Rita J. Bradley
 Notary Public
 RITA J. BRADLEY
 NOTARY PUBLIC, State of New York
 No. 30-4663401
 Qualified in Nassau County
 Certificate Filed in New York County
 Commission Expires March 30, 1980

CONSENT AND AGREEMENT

The undersigned, THE DOW CHEMICAL COMPANY, a Delaware corporation (the "Lessee"), the Lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all Payments (as defined in the Lease Assignment) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to Mercantile-Safe Deposit and Trust Company, as Agent (the "Vendor"), the assignee named in the Lease Assignment, by bank wire transfer of Federal funds by 11:00 a.m. Baltimore time to The Annapolis Banking and Trust Company, Main Street and Church Circle, Annapolis, Maryland, for credit to the Agent's Account No. 52076-1, with a request that The Annapolis Banking and Trust Company advise Mrs. K. M. Tollberg, Assistant Vice President, Mercantile-Safe Deposit and Trust Company, Baltimore, Maryland, that the funds are "RE: Dow 7/15/79" (or at such other address as may be furnished in writing to the Lessee by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

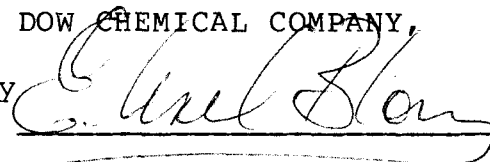
(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of Michigan and, for all purposes, shall be construed in accordance with the laws of said State.

THE DOW CHEMICAL COMPANY,

by



[Corporate Seal]

Attest:



The foregoing Consent and Agreement is hereby accepted as of the 15th day of July 1979.

MERCANTILE-SAFE DEPOSIT AND
TRUST COMPANY, as Agent,

by



Assistant Vice President